

From: KETS Asset Management
Sent: Wednesday, January 16, 2002 9:58 AM
To: KDE DAS Munis Finance Contacts; KDE Div School Finance
Subject: Clarification of Land and Building values

It has come to our attention that KDE's Position on Districts acquiring land and building values requires clarification:

KDE has not changed their position on land and building values for initial valuations as stated below:

Historical Land and Building values of each district are available from various sources within KDE or within the Districts (as detailed below) and KDE strongly encourages districts to exhaust all avenues to acquire the information themselves, rather than spend the extra dollars by hiring valuation companies to calculate the historical cost of land and buildings.

Listed below is an excerpt from the IMPLEMENTATION GUIDE outlining the options for obtaining such values, as well as, additional notes (in bold) that will be beneficial for districts:

- a) Districts choosing not to hire a certified valuation company should request advice and direction from their auditors on the acceptable methods of acquiring historical acquisition data for their assets.
- b) Recommended options for acquiring values for land, building and vehicles are as follows:
 - * Land
 - * Original deed.
 - * Current value of the land from local realtors, indexed back to the acquisition date.

Districts should direct such realtors to use the business value of the land rather than the residential value.

NOTE: Rather than a valuation company, local realtors would have the necessary expertise of providing land values and a valuation company would likely hire a local realtor.

- * Buildings
- * Board minutes
- * Insurance Valuation indexed back to the acquisition date.
- * BG-1
- * Bond information.
- * Square footage multiplied by the current cost to construct school buildings and indexed back to original cost.

School buildings other than those build in the last few years are a composite of the original construction and various renovations. A district would know or have access to those costs.

A valuation company would determine the value of the renovations based on information provided to them from the district or from a date on a plaque displayed on the wall of the building.

At the point of implementation, the acquired the land and building values can be manually input into the MUNIS Fixed Asset module or could be imported via a file created by the district or included in the valuation file provided by

the Valuation company (free of charge). The data can be provided to the valuation companies and will be included in the ASCII file in the required file format for MUNIS import.

If you have any further questions or concerns, please feel free to contact us.

Thanks,
Asset Management Team